

ILLINOIS INTERNATIONAL PORT DISTRICT

Summary Record of Proceedings of the SPECIAL BOARD MEETING March 1, 2019

A Special Meeting of the Board of Directors of the Illinois International Port District was held Friday, March 1, 2019, at 3600 E. 95th Street, Chicago, Illinois.

The roll was called at 9:25 am. The following Directors were present: Michael Forde, Terry Sullivan, Ray Suarez, Charles Bowen, Henry Wisniewski, Paul Chialdikas, and William Habel. A quorum was present. Terry Fitzmaurice was absent.

Mr. Del Mar entered the meeting via teleconference.

Also present: Clayton Harris III, Executive Director; Kurt Oelerich, Treasurer.
Counsel Brad Smith, Neal and Leroy via teleconference

General public present: Jeff Holt, BMO; Joan Coogan, City of Chicago; David Doig, CNI; John Heroff, 10th Ward Director of Policy and Legislative Affairs.

Chairman Forde made a motion to allow Mr. Del Mar to attend the meeting via teleconference. The motion was seconded by Mr. Habel and the motion passed unanimously.

Chairman Forde opened the discussion by indicating the Board will be entering Executive Session to discuss the Master Lease RFP responses. Due to the anticipated length of the Executive Session discussion and appreciating the time of the public attending the meeting, Chairman Forde offered the public in attendance the opportunity speak prior to the start of the Executive Session.

See Public Comment section on the following page.

PUBLIC COMMENT

- John Heroff, 10th Ward
Director of Policy and Legislative Affairs

Mr. Heroff introduced himself and extended Alderwoman Garza's apologies for not being available to attend the meeting. Mr. Heroff stated Alderwoman Garza's concerns with the Master Lease under consideration. Mr. Heroff points included:

- The Alderwoman is inherently skeptical on any "privatization" or something that looks like privatization. However, with the right investment, it may not be a bad thing. Substantial investment would need to be made as well as a transformation of the Port.
- The Alderwoman currently sees this as a long term Master Lease, with money upfront, to primarily do what the Port already does. There is no transformative business model in the proposals.
- The Alderwoman is aware of current long term leases that are coming up at the Port and the Port's financial position is about to substantially improve in the near future without any change in its current position.
- To be comfortable with a 20 or 30 year Master Lease Agreement, the Alderwoman would need to see something that will reflect a substantial difference or change in approach to the Port, not just doing the same thing the Port is doing now.
- Any Master Lease holder must consider the needs of the 10th Ward. The 10th Ward has lost a lot of middle class residents. The Alderwoman wants to see the Port as an engine of growth and driver of the community into the future, and wants to see a substantial transformation to allow this to happen.

Chairman Forde asked Mr. Heroff to expound on his thoughts on transformation.

Mr. Heroff indicated there are many ideas including recreation areas and a casino in the area. There are many underutilized areas in the Ward. Lake Calumet is a beautiful area that is sealed off and unused, and there are large opportunities for environmental and recreation assets in the area, along with what the Port does. The Alderwoman wants to see: growth in the Ward's existing industrial areas; the Port property that is currently closed off to become more accessible to the community; and opportunities to connect 9th Ward and 10th Ward through the north end Lake Calment and integrate the two communities.

The current responses do not appear to have anything "transformative". The Alderwoman does not want to see another Skyway deal.

Mr. Heroff noted the Alderwoman feels that any Master Lease that brings a substantial amount of money to the Port should also include substantial change to the Port and its operation and the area.

Chairman Forde indicated he had had a conversation with the Alderwoman and told her he did not currently have an answer to her questions regarding the respondents' business model/plans. However, they discussed that if the Board chooses to negotiate with a respondent, the business plan would be addressed during the due diligence period. The respondent's business plan is important in this process.

Mr. Heroff reiterated the Alderwoman is very concerned there is nothing "transformative" in the plans, just a quick lump sum of money and a potential of losing out long-term.

- David Doig, President
Chicago Neighborhood Initiatives

Mr. Doig introduced himself to the Board. He is part of the IIPD Crossing team that has responded to the RFP for a Master Lease.

Mr. Doig described the team as unique in that they are forward looking, and approaching this as increase existing revenues and making upgrades but also looking forward at the potential for new development at the Port. They are looking at maximizing revenue opportunities at the Port with future development.

Mr. Doig briefly introduced the Chicago-based team. He spoke of the success his group has had on the property to the west of the Port, in the area of 111th Street and the Bishop Ford Expressway. This project, on the former Ryerson Steel site, has attracted over \$300 million in investment and jobs to this area.

The team's partners are all well-known and are all from Chicago. Sterling Bay is a very successful and well capitalized developer, East Lake is a minority owned firm with experience in development on the South Side of Chicago, and CIC is a regional advocacy group for job training and job retention in the area.

After Public Comments were completed, Chairman Forde made a motion to enter Executive Session to discuss the Evaluation Committee's analysis of the Master Lease respondents. The motion was seconded by Mr. Habel and the motion carried unanimously.

Executive Session

- Master Lease Responses
- Evaluation Committee

Exit from Executive Session

Following discussion, Chairman Forde made a motion to exit Executive Session. The motion was seconded by Mr. Bowen and the motion passed unanimously.

Chairman Forde reported that after a lengthy discussion, the Board has chosen Savage Enterprises as the preferred bidder of the Master Lease RFP.


After a motion from Chairman Forde and seconded by Mr. Bowen, the Board voted unanimously to designate Savage Enterprises as the preferred bidder of the Master Lease RFP, and directed Chairman Forde and Mr. Holt to negotiate with Savage Enterprises, exclusively, over the next 30 days.

A motion was made by Chairman Forde to enter into the record the letter addressed to the Board of Directors from State Representative William Q. Davis and dated February 28, 2019 regarding the Master Lease RFP and bidders. The motion was seconded by Mr. Suarez and the motion carried unanimously.


ADJOURNMENT

With no other business before the Board, Chairman Forde made a motion to adjourn at approximately 11:05 am. The motion was seconded by Mr. Chialdikas, and the motion passed unanimously.

Chairman Forde reminded the Board that the next Committee meetings and Board meeting will take place on Friday, March 15, 2019. The meetings will be held at 9:00 am at 3600 E. 95th Street, Chicago, IL.



Michael Forde
Chairman



Kathleen Dart
Secretary